

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: Pacific Pawnbrokers, Inc.

Case No.

09-53610

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)**

**SUMMARY OF FINANCIAL STATUS**

MONTH ENDED: Aug-10PETITION DATE: 10/14/09

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
 Dollars reported in \$1

2. **Asset and Liability Structure**

- a. Current Assets
- b. Total Assets
- c. Current Liabilities
- d. Total Liabilities

	<u>End of Current Month</u>	<u>End of Prior Month</u>	As of Petition Filing
	\$95,252	\$138,959	
	\$1,044,807	\$1,088,514	
	\$279,916	\$279,916	
	\$3,045,764	\$3,045,764	

3. **Statement of Cash Receipts & Disbursements for Month**

- a. Total Receipts
- b. Total Disbursements
- c. Excess (Deficiency) of Receipts Over Disbursements (a - b)
- d. Cash Balance Beginning of Month
- e. Cash Balance End of Month (c + d)

	<u>Current Month</u>	<u>Prior Month</u>	Cumulative (Case to Date)
	\$22,940	\$18,473	\$366,955
	\$22,142	\$26,558	\$393,444
	\$798	(\$8,085)	(\$26,489)
	\$3,890	\$11,975	\$31,176
	\$4,688	\$3,890	\$4,687

4. **Profit/(Loss) from the Statement of Operations**5. **Account Receivables (Pre and Post Petition)**6. **Post-Petition Liabilities**7. **Past Due Post-Petition Account Payables (over 30 days)**

	<u>Current Month</u>	<u>Prior Month</u>	Cumulative (Case to Date)
	(\$1,601)	(\$12,499)	(\$71,025)
	\$0	\$0	
	\$279,916	\$279,916	
	\$279,916	\$279,916	

**At the end of this reporting month:**

- |  |            |           |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)   | <u>Yes</u> | <u>No</u> |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)   | <u>Yes</u> | <u>No</u> |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court?  | <u>Yes</u> | <u>No</u> |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)   | <u>Yes</u> | <u>No</u> |
| 12. Is the estate insured for replacement cost of assets and for general liability?  | <u>Yes</u> | <u>No</u> |
| 13. Are a plan and disclosure statement on file?   | <u>Yes</u> | <u>No</u> |
| 14. Was there any post-petition borrowing during this reporting period?  | <u>Yes</u> | <u>No</u> |
| 15. Check if paid: Post-petition taxes _____ ; U.S. Trustee Quarterly Fees _____ ; Check if filing is current for: Post-petition tax reporting and tax returns: _____ .<br><small>(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)</small> |            |           |

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date:

9/21/10

Responsible Individual

**STATEMENT OF OPERATIONS**  
**(General Business Case)**  
For the Month Ended 08/31/10

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 08/31/10

**Assets**

		<u>From Schedules</u>	<u>Market Value</u>
1	Cash and cash equivalents - unrestricted		\$4,688
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$39,763
5	Prepaid expenses		
6	Professional retainers		
7	Other: _____		
8	Pawns Receivable		\$50,801
9	<b>Total Current Assets</b>		<u>\$95,252</u>
10	<b>Property and Equipment (Market Value)</b>		
11	Real property	C	\$0
12	Machinery and equipment	D	\$1,000
13	Furniture and fixtures	D	\$600
14	Office equipment	D	\$4,000
15	Leasehold improvements	D	\$0
16	Vehicles	D	\$4,000
17	Other: _____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	<b>Total Property and Equipment</b>		<u>\$9,600</u>
22	<b>Other Assets</b>		
23	Loans to shareholders		\$811,274
24	Loans to affiliates		
25	N/R Fred Wilson		\$77,136
26	L/R Don Brown		\$51,545
27	_____		
28	<b>Total Other Assets</b>		<u>\$939,955</u>
29	<b>Total Assets</b>		<u>\$1,044,807</u>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

**Liabilities and Equity**  
**(General Business Case)**

**Liabilities From Schedules****Post-Petition****Current Liabilities**

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other:	
42		
43		
44	<b>Total Current Liabilities</b>	<b>\$279,916</b>

**Long-Term Post-Petition Debt, Net of Current Portion**

45	<b>Total Post-Petition Liabilities</b>	<b>\$279,916</b>
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**Pre-Petition Liabilities (allowed amount)**

47	Secured claims	F	\$0
48	Priority unsecured claims	F	\$0
49	General unsecured claims	F	\$2,765,848
50	<b>Total Pre-Petition Liabilities</b>		<b>\$2,765,848</b>
51	<b>Total Liabilities</b>		<b>\$3,045,764</b>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing		(\$2,743,625)
53	Capital Stock		\$1,263,144
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$71,025)
56	Post-petition contributions/(distributions) or (draws)		
57	Treasury Stock		(\$28,480)
58	Market value adjustment		(\$420,971)
59	<b>Total Equity (Deficit)</b>		<b>(\$2,000,957)</b>
60	<b>Total Liabilities and Equity (Deficit)</b>		<b>\$1,044,807</b>

**SCHEDULES TO THE BALANCE SHEET**  
**(General Business Case)**

**Schedule A**

**Accounts Receivable and (Net) Payable**

**Receivables and Payables Agings**

0 -30 Days  
 31-60 Days  
 61-90 Days  
 91+ Days  
 Total accounts receivable/payable  
 Allowance for doubtful accounts  
 Accounts receivable (net)

<u>Accounts Receivable [Pre and Post Petition]</u>	<u>Accounts Payable [Post Petition]</u>	<u>Past Due Post Petition Debt</u>
		\$279,916
	\$0	\$279,916
	\$0	\$0

**Schedule B**

**Inventory/Cost of Goods Sold**

**Types and Amount of Inventory(ies)**

	<u>Inventory(ies) Balance at End of Month</u>
Retail/Restaurants - Product for resale	\$37,860
Distribution - Products for resale	
Manufacturer - Raw Materials	
Work-in-progress	
Finished goods	
Other - Explain <u>Held Inventory</u>	\$1,903
<b>TOTAL</b>	<b>\$39,763</b>

**Cost of Goods Sold**

<b>Inventory Beginning of Month</b>	39292
Add -	
Net purchase	\$5,266
Direct labor	
Manufacturing overhead	
Freight in	
Other:	
Less -	
Inventory End of Month	\$39,763
Shrinkage	
Personal Use	
<b>Cost of Goods Sold</b>	<b>\$4,795</b>

**Method of Inventory Control**

Do you have a functioning perpetual inventory system?

Yes        No       

How often do you take a complete physical inventory?

Weekly         
 Monthly         
 Quarterly         
 Semi-annually         
 Annually        x

Date of last physical inventory was                          10/13/2009 0:00

Date of next physical inventory is                         

**Inventory Valuation Methods**

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost         
 LIFO cost         
 Lower of cost or market        x  
 Retail method         
 Other         
 Explain

**Schedule C**  
**Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D**  
**Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Computers and Hardware	\$22,858	\$500
Security System	\$22,590	\$500
Accumulated Depr	(\$45,455)	
Total	(\$7)	\$1,000
Furniture & Fixtures -		
Displays and Counter	\$8,980	\$600
Accumulated Depr	(\$8,980)	
Total	\$0	\$600
Office Equipment -		
Vault, Scales Cleaners etc	\$17,073	\$4,000
Accumulated Depr	(\$17,073)	
Total	\$0	\$4,000
Leasehold Improvements -		
Leasehold Imp - Wells Store	\$111,987	\$0
Accumulated depr	(\$32,698)	
Total	\$79,289	\$0
Vehicles -		
98 Chev Truck	\$0	\$4,000
Total	\$0	\$4,000

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	Total
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F**  
**Pre-Petition Liabilities**

<u>List Total Claims For Each Classification -</u>	<u>Claimed Amount</u>	<u>Allowed Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	<u>\$2,765,848</u>	<u>\$2,765,848</u>

- (a) List total amount of claims even it under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>	<u>Account 5</u>
Bank	1st Ind Bank	1st Ind Bank	1st Ind Bank	Pay Pal	
Account Type	Checking	Money Mkt	Personal	Online	
Account No.	#1101	#2973	#0168		
Account Purpose	Expenses		none	Ebay Sales	
Balance, End of Month	\$963	\$0	\$82	\$1,765	
Total Funds on Hand for all Accounts	<u>\$4,688</u>				<u>\$1,878</u>

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 08/31/10

		Actual Current Month	Cumulative (Case to Date)
<b>Cash Receipts</b>			
1	Rent/Leases Collected		
2	Cash Received from Sales	\$22,924	\$366,938
3	Interest Received	\$16	\$17
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7			
8			
9			
10			
11			
12	<b>Total Cash Receipts</b>	<b>\$22,940</b>	<b>\$366,955</b>
<b>Cash Disbursements</b>			
13	Payments for Inventory	\$5,266	\$80,655
14	Selling		\$0
15	Administrative	\$4,515	\$92,602
16	Capital Expenditures		\$0
17	Principal Payments on Debt		\$0
18	Interest Paid		\$0
19	Rent/Lease:		\$0
20	Personal Property		\$0
	Real Property	\$90	\$43,642
21	Amount Paid to Owner(s)/Officer(s)		\$0
22	Salaries		\$0
23	Draws		\$0
24	Commissions/Royalties		\$0
25	Expense Reimbursements		\$0
26	Other		\$0
27	Salaries/Commissions (less employee withholding)	\$6,361	\$81,652
	Management Fees		\$100
28	Taxes:		\$0
29	Employee Withholding		\$0
30	Employer Payroll Taxes	\$1,383	\$34,653
31	Real Property Taxes		\$0
32	Other Taxes	\$192	\$7,687
33	Other Cash Outflows:		\$0
34	Contract Labor	\$3,360	\$36,190
35	Professional Fees	\$975	\$16,263
36			\$0
37			
38	<b>Total Cash Disbursements:</b>	<b>\$22,142</b>	<b>\$393,444</b>
39	<b>Net Increase (Decrease) in Cash</b>	<b>\$798</b>	<b>(\$26,489)</b>
40	<b>Cash Balance, Beginning of Period</b>	<b>\$3,890</b>	<b>\$31,176</b>
41	<b>Cash Balance, End of Period</b>	<b>\$4,688</b>	<b>\$4,687</b>

**STATEMENT OF CASH FLOWS**

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 08/31/10

		<u>Actual Current Month</u>	<u>Cumulative (Case to Date)</u>
	<b>Cash Flows From Operating Activities</b>		
1	Cash Received from Sales	\$22,924	\$366,938
2	Rent/Leases Collected	\$16	\$16
3	Interest Received	\$5,266	\$80,655
4	Cash Paid to Suppliers	\$6,361	\$140,553
5	Cash Paid for Selling Expenses	\$7,875	\$98,322
6	Cash Paid for Administrative Expenses		
7	Cash Paid for Rents/Leases:		
8	Personal Property	\$90	\$43,642
9	Real Property		
10	Cash Paid for Interest		
11	Cash Paid for Net Payroll and Benefits		
12	Cash Paid to Owner(s)/Officer(s):		
13	Salaries		
14	Draws		
15	Commissions/Royalties		
	Expense Reimbursements		
	Other		
16	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
17	Employer Payroll Tax	\$1,383	\$8,783
18	Employee Withholdings		
19	Real Property Taxes		
20	Other Taxes	\$192	\$5,825
21	Cash Paid for General Expenses	\$975	\$15,663
22	Professional Fees Paid for Services in Connection with Chp 11 Case		
23			
24			
25			
26			
27	<b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	\$798	(\$26,489)
	<b>Cash Flows From Reorganization Items</b>		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U.S. Trustee Quarterly Fees		
31			
32	<b>Net Cash Provided (Used) by Reorganization Items</b>	\$0	\$0
33	<b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	\$798	(\$26,489)
	<b>Cash Flows From Investing Activities</b>		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	<b>Net Cash Provided (Used) by Investing Activities</b>	\$0	\$0
	<b>Cash Flows From Financing Activities</b>		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	<b>Net Cash Provided (Used) by Financing Activities</b>	\$0	\$0
44	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	\$798	(\$26,489)
45	<b>Cash and Cash Equivalents at Beginning of Month</b>	\$3,890	\$31,177
46	<b>Cash and Cash Equivalents at End of Month</b>	\$4,688	\$4,688